S (Denmark)
(Finland)
A. (France)
ibH (Germany)
ng Kong Ltd. (Hong Kong)
(Hungary)
., S.R.L. (Italy)
de CV (Mexico)
. (Netherlands)
w Zealand Ltd. (New Zealand)
S (Norway)
)A. (Portugal)
ctronics Corporation (Puerto Rico)
a/Pacific, Inc. (Singapore)
., S.A. (Spain)
(Sweden)
. (Switzerland)
nEra Ltd. (England)
nited (England)

Officers

n., Pres., C.E.O.
Chmn. of Exec. Comm.
e-Chmn.
ec. V.P., C.O.O., C.F.O.
.P.
V.P.
up V.P. — Commercial/Industrial
up V.P. — Retail Sales
Sensormatic Europe
eas., Sec.

Vice Presidents
R.D. Davison
O.S. Giles
B.P. Kane
R.F. Premuroso
L.J. Simmons

Directors
T.V. Buffet
J.M. LeWine
A.G. Milnes
J.T. Ray, Jr.

st & Young.

ng: In October.

t: Christy & Viener.

olders: Sept. 17, 1993, 4,381.

ees: Jun. 30, 1993, 4,000 (approx.).

N.W. 12th Ave., Deerfield Beach, **Tel.:** (305) 420-2000. **Fax:** (305) 420-

Income Account, years ended

	6/30/93	5/31/92	[1]5/31/91
...	398,122	252,628	191,665
...	46,021	30,460	28,070
...	43,176	26,790	19,430
...	487,319	309,878	239,165
...	188,138	124,208	97,437
uip	15,394	10,515	9,086
erv	160,681	92,905	73,288
...	31,396	24,603	19,465
...	13,739	11,460	8,344
...	6,963	2,625	2,209
...	416,311	266,316	209,829
s) .	71,008	43,562	29,336
...	17,114	7,597	2,845
...	18,656	11,436	2,781
...	2,518	1,303	1,811
o) .	976	2,536	1,875
x ..	71,984	41,026	31,211
inc ...	17,900	9,500	6,500
n ...	54,084	31,526	24,711
r ..	......	......	1,985
ct ...	54,084	31,526	26,696
ng le- ...	......	......	dr2,026
...	54,084	31,526	24,670
...	132,574	113,876	97,199
...	8,640	8,151	7,993
...	178,018	137,251	113,876
...	[2]$0.97	$0.73	$0.60
s ..	......	......	$0.05
..	......	......	d$0.05
...	[2]$0.97	$0.73	$0.60
...	[2]$0.93	$0.73	$0.60
s ..	......	......	$0.05
..	......	......	d$0.05
...	[2]$0.93	$0.73	$0.60
(000):			
...	[2]55,665	37,886	36,489
...	[2]56,028	43,076	41,243
...	[2]63,633	50,480	41,372

to conform with current presenta- for 3-for-2 stock split, 12/20/93

Balance Sheet, as of ($000):

	6/30/93	[1]5/31/92	5/31/91
r ..	[2]117,899	[2]62,692	[2]102,481
net	128,137	89,015	......
&			
et .	61,201	73,478	
Trade & other receiv, net	......	......	102,834
Net invest in sales-type lse	65,240	......	......
Inventories, net	102,759	82,223	77,611
Rev equipment, net	53,867	35,214	25,226
Other prop, plt & equip, net	67,236	48,329	40,178
Defer chrg & other assets, net	......	......	[3]18,943
Patents	......	......	[4]12,392
Defer chrg, patents & other assets, net	[5]39,177	[5]33,716	......
Cost in excess of net assets acq, net	[6]291,338	[6]42,674	[6]42,159
Total assets	926,854	467,341	421,824
Liabilities:			
Accounts payable	27,462	20,293	17,419
Accrued liabilities	84,576	40,232	31,934
Income taxes payable	......	......	1,125
Accrued & defer inc tax pay	16,670	552	397
Debt	194,224	35,574	33,729
7% conv subord deb	114,165	115,000	115,000
Total liabil	......	......	199,604
Common stock	[7]392,891	[7]146,430	[7]138,469
Retained earnings	178,018	137,251	113,876
Treasury stock	[8]14,757	[8]25,428	[8]27,166
Fgn currency adj	61,495	cr2,251	cr2,619
Notes receiv fr stk sales	dr4,900	dr4,814	dr5,578
Tot stk' equity	489,757	255,690	222,220
Total liabil & stk eq	926,854	467,341	421,824

[1]Reclassified to conform with current presentation [2]Incl marketable securs: 1993 $28,798,000; 1992 $47,664,000; 1991 $6,434,000. [3]Accum amortization: 1991 $1,566,000. [4]Accum amortization: 1991 $4,673,000. [5]Accumulated amortization: 1993 $10,810,000; 1992 $8,104,000. [6]Accum amortization: 1993 $8,815,000; 1992 $3,917,000; 1991 $2,653,000. [7]Par value: $.01; Auth shs: 1993 60,000,000; 1992 60,000,000; 1991 60,000,000. [8]Shares: 1993 2,413,500; 1992 3,811,500; 1991 4,015,500.

Long-Term Debt: Outstg. June 30, 1993, $194,224,000 comprised of:

(1) $135,000,000 8.21% senior notes.

(2) $11,136,000 9% acquisition indebtedness, net.

(3) $41,332,000 3¾% to 13½% unsecured revolving credit notes payable.

(4) $6,756,000 9¼% to 12% capital lease obligations and other, net.

In January 1993, Co. issued $135,000,000 aggregate principal amount of 8.21% senior notes due January 2003 and repaid $100,000,000 in short-term bank borrowings primarily incurred in connection with the acquisition of ALPS in July 1992. Interest on the senior notes is payable semiannually. Under the terms of the related note agreement, the Co. is required, among other things, to maintain a certain minimum net worth, as defined, is allowed to incur debt up to a level whereby certain debt to total capitalization ratios would not be exceeded, and is subject to certain limitations with respect to repurchases of its common stock and payment of dividends. In the event of a change in control, as defined, principal payment on the senior notes may be accelerated. Subsequently, the Co. entered into fixed to floating interest rate swap agreements with notional amounts aggregating $135,000,000 and expiring in February 1996 ($100,000,000 notional amount) and June 1996 ($35,000,000 notional amount) and, under certain market conditions extending the expiration to February 1998 ($50,000,000 notional amount), in order to reduce the Co.'s net interest expense by taking advantage of the lower prevailing short-term interest rates. The interest rate swaps contain an element of risk that the counterparty may be unable to perform. However, the Co. minimizes such risk by limiting its use of counterparties to major international financial institutions.

At May 31, 1992, acquisition indebtedness, which consisted of obligations under promissory notes and a minimum royalty obligation in connection with Identitech products, was net of unamortized discount (in thousands) of $3,611.

The parent company has line of credit agreement with a U.S. bank which provides for aggregate unsecured borrowings of up to $25,000,000. Borrowings under this credit line bear interest at fluctuating rates generally at LIBOR plus .5%. Additionally, the Co.'s foreign subsidiaries have various line of credit agreements with a U.S. and certain foreign banks which provide for aggregate borrowings of up to $78,700,000, bear interest at prevailing rates, are generally due on demand, and are generally guaranteed by the parent company. At June 30, 1993 and May 31, 1992, outstanding borrowings under all such credit lines bore interest at a weighted average rate of 8.4% and 10.1%, respectively. At June 30, 1993, Co. had $62,400,000 of unused credit under all of its line of credit agreements.

Debentures Redeemed: Entire issue of Sensormatic Electronics Corp.'s convertible subordinated debenture 7s, due 2001, was redeemed on June 1, 1994 at $1,046.67 plus accrued interest. Each debenture was convertible into 63.83 shares of common stock.

Capital Stock: Sensormatic Electronics Corp. common; par $0.01:

AUTH — 60,000,000 shs.

OUTSTANDING — June 30, 1993, 37,110,000 shs.; held in treasury, 1,609,000 shs.; reserved for options, 3,480,000 shs.; reserved for Employee Stock Purchase Plan, 646,000 shs.; reserved for conversion of debs., 4,858,000; reserved for warrants, 450,000; par $0.01.

$0.01 par shs. split 3-for-2 May 31, 1983 and Dec. 17, 1993.

OFFERED — (300,000 shs.) at $12.50 on Feb. 13, 1969 thru Collins Securities Corp., New York and associates.

(300,000 shs.) at $6.50 on Oct. 7, 1970, thru Lineberger, Lowe & Co. and Associates.

(350,000 shs.) at $27.25 per sh. on Dec. 27, 1979, thru L.F. Rothschild, Unterberg, Towbin; The Robinson-Humphrey Company, Inc. and associates.

VOTING RIGHTS — Entitled to one vote per share.

PREEMPTIVE RIGHTS — None.

DIVIDENDS PAID — (calendar years):
1978..........$0.05 1979..........$0.11 [1]1980..........$0.06
On $0.01 par shs. after 100% stk. div.:
1980..........0.04 1982..........0.05
On $0.01 par shs. after 100% stk. div.:
1982..........0.03 1983..........0.03
On $0.01 par shs. after 3-for-2 split:
1983..........0.02½ 1984-89..........0.05 1990..........0.26
1991-93..........0.30
On $0.01 par shs. after 50% stk. div.:
[2]1994..........0.11

[1]Also paid stk. divs.: 1980, 100%; 1982, 100%; 1993, 50%.

[2]To May 18.

TRANSFER, DIVIDEND AGENT & REGISTRAR — First National Bank of Boston, Boston, Mass.

LISTED — On NYSE (Symbol: SRM).

PRICE RANGE —	1993	1992	1991	[1]1990	1989
High	35	32⅞	30½	15¾	13⅞
Low	20	22½	13⅞	10⅛	9⅝

[1]1990 and prior, bid prices.

Warrants: Outstg., June 30, 1993, warrants to purchase 450,000 shares at $16.88 per sh. expiring Dec. 31, 1995.

SEQUA CORP.

History: Incorporated in Delaware, March 28, 1929, as General Printing Ink Corp.; Name changed to Sun Chemical Corp. on Nov. 28, 1945; present name adopted on May 8, 1987. For other acquisitions prior to 1960, see Moody's 1960 Industrial Manual.

In 1960 acquired Artistic Mfg. Co., Inc., Stamford, Conn., (sold in 1974); Dyna-Foam Corp., Ellenville, N.Y., (dissolved 1964); and business of Carbo Chemical Co., Pawtucket, R.I. (dissolved 1964).

On Nov. 30, 1960, General Printing Ink Co., Inc. (N.Y.), former subsidiary, was dissolved.

In Apr. 1966, acquired Tousey Varnish Co., Northlake, Ill., for $3,650,000 cash.

In June 1967 acquired Varnish Products Co. for 4,147 shares of 5% second pfd. stock.

On Jan. 29, 1968 sold the assets of Industrial Coatings Division.

In Dec. 1968 acquired Federal Color Laboratories, Inc., Cincinnati, O., for 303,030 common shares.

In Dec. 1969, acquired 241,500 shs. (over 10%) of Standard Kollsman Industries, Inc. for about $11 a sh.

On Dec. 30, 1970 acquired Web Press Engineering, Inc., Chicago, and Logic Systems Inc.

On Nov. 1, 1971 acquired Sta-Hi Corp. Newport Beach, Cal.

In Sept. 1972 acquired 80% interest in Societe France Couleurs, S.A. for cash.

On Dec. 29, 1972 merged Standard Kollsman Industries, Inc. thru exchange of 1 com. sh. for each 4½ Standard Kollsman shs.

In Apr. 1973 acquired 25% interest in Ault & Wiborg Group Ltd. Under deal, Ault & Wiborg will acquire British Printing Ink Co., a Co. subsidiary, and a license to manufacture and sell Co.'s Suncure ultraviolet cured printing inks (acquired additional 15% interest in 1974 and 2% in 1977.)

In Apr. 1973 acquired 83.9% interest in Baglini, S.p.A., Italy for an undisclosed cash sum (acquired additional 13.7% in 1976).

In Sept. 1973 acquired 80% interest in Societe Encres Dresse, Belgium, for cash.

In Apr. 1974, Encres Dresse subsidiary acquired Dambrame, Belgium for cash (acquired additional 10% in 1976).

In Dec. 1974, sold Artistic Division, manufacturer of ribbons and bows.

In Jan. 1975, sold Warwick Chemical (Yorkshire) Ltd.

In Feb., 1979, acquired a 5.2% interest in Chromalloy American Corp. Interest increased to 18% subsequently in 1979.

In Feb. 1982, Co. increased its interest in Chromalloy American Corp. to 36.1% by purchasing a total of 297,100 shs. for $5,500,000 between Oct. 23, 1981 thru Jan. 14, 1982. (Acquired remaining shs. in Dec. 1986).

In Feb. 1986, sold its Venezuelan printing ink subsidiary for $4,000,000.

In Jan. 1987, Co. completed the sale of its graphic arts materials group to Dainippon Ink and Chemicals, Inc., for approximately $550,000,000 in cash.

In Mar. 3, 1987, Co. acquired Litho-Strip Co. a division of Amsted Industries Inc. with plants in Chicago and Houston , also in 1987, acquired Jet

Services West and Malichaud et Cie for at total purchase price of approximately $36,000,000.

In Dec. 1987, Co. acquired Atlantic Research Corp. for $307,000,000.

Also, in 1987, Co. sold K-G. Retail chains of mean's specialty stores.

On Jan. 5, 1988, Co. and Atlantic Research Corp. merged, following the conclusion of Co.'s $31 per share cash tender offer for Atlantic Research shares. In the offer, which expired on Dec. 21, 1987, Co. received valid tenders which, when coupled with shares already owned by Co., amount to approximately 94% of Atlantic Research shares. Atlantic Research stockholders who did not tender their stock but who surrender their shares in the merger will receive $31 per share in cash. Under the merger, Atlantic Research Corp. becomes a wholly owned subsidiary of Co.

In Mar. 1988, sold Chromallory American Insurance Group, Inc. with Resolute Holdings, Inc.

In 1988, Co. purchased all of the common stock of Sequa PLC. for $24,400,000.

Also, in 1988, Co. sold Woolley Tool & Manufacturing Division in the engineered services business.

In 1989, sold its land transportation division with the sale of its Transit Management Services Division, Muncie Reclamation & Supply Division, Hausman Bus Sales & Parts Division and National Seating Co.

Also in 1989, sold its Teleproducts Division.

In 1989, Co.'s wholly-owned subsidiary, Chromally Gas Turbine Corp., purchased the business and assets of Aero Cast, Inc., Aerodyne Investments Castings, Inc., Caval Tool & Machine Co., Inc., DRB Industries, Inc., H&H Parts Co., Inc. and The Stalker Corp. for $70,000,000.

On Dec. 12, 1989, sold a majority interest in Atlantic Research Corp. to Chromalloy Gas Turbine Corp.

In Mar. 1990, sold its Tempest Products unit for a total of approx. $3,132,000.

In Mar. 1992, completed tha sale of Sabine Towing and Transportation Co. for approx. $36,000,000, net in cash.

In Nov. 1992, Atlantic Research Corp., a unit of Co., acquired the assets of Interoperability Systems International in Athens, Greece. Terms of the acquisition were not disclosed.

In 1992, Co. completed the sale of Valley Line and the Gemoco division of engineered services.

In Oct. 1993, Co. sold its Sturm Machine division to a group of private investors.

On Dec. 30, 1993, Co. sold its ARC Professional Services Group to Computer Sciences Corporation for $64,400,000.

Proposed Interest Sale: On Mar. 22, 1994, Co. announced that Chromalloy Gas Turbine Corp., a subsidiary, has signed a definitive agreement for the sale of a Chromalloy jet engine overhaul division, Gas Turbine Corp. of East Granby, Conn., to Greenwich Air Services, Inc.

Under terms of the agreement, the sale price will approximate the net book value of GTC at the time of closing, which is estimated to $38,000,000, plus the assumption by Greenwich Air of specified liabilities. The closing of the transaction, which is subject to certain regulatory approvals, is expected to take place by the end of April.

Control: As of Dec. 31, 1992, Norman E. Alexander, Chmn. & Chief Exec. of Co., owned an aggregate of approx 35.8% of all classes of stock, and controls approx. 49.1% of the voting power thereof.

Business: Co. is engaged in producing and selling a broad range of products and services through operating companies in four consolidated industry segments: Aerospace, Machinery and Metal Coatings, Specialty Chemicals, and Professional Services and Other Products.

Property: Company leases 58,000 sq. ft. of corporate office space in New York, N.Y. and Hackensack, N.J.

Aerospace — The Chromalloy Gas Turbine Corp. operates over 50 plants in fifteen states and eight foreign countries, primarily in Europe, which have aggregate floor space of approx 4,600,000 sq. ft., of which approx. 2,300,000 sq. ft. is owned and approx. 2,300,000 sq. ft. is leased.

Rocket propulsion operations lease a 1,014-acre manufacturing facility in Camden, Ark. Co. owns 12 acres and an 89,000 sq. ft. office and manufacturing complex in Gainsville, Va. An additional 189,000 sq. ft. is leased for administrative and manufacturing purposes in Ala., Cal. and Va. The liquid propulsion division leases a 101,000 sq. ft. facility in Niagara, N.Y. Co. also owns 2,430 acres of land in Orange County, Va., which has been developed for use in the propellant business. An additional 38,000 sq. ft. is owned in Alexandria, Va. and is used for administrative purposes.

The Kollsman operation owns two plants in New Hampshire with aggregate floor space of 405,000 sq. ft. and leases another facility in New Hampshire with aggregate floor space of 91,000 sq. ft. This business also owns a 23,000 sq. ft. manufacturing facility in Wichita, Kan. and leases 6 domestic facilities aggregating 55,000 sq. ft.

Machinery and Metal Coatings — The can forming and decorating operations own two plants in the United States with aggregating floor space of 228,000 sq. ft and leases one small warehouse facility of approx. 5,000 sq. ft. In Europe, through the segment's auxiliary press equipment supplier, Materiels Equipement Graphiques (MEG), Co. owns a plant with aggregate floor space of approx. 57,000 sq. ft. MEG also leases two sales offices and owns a storage facility in Europe with a total of 20,000 square feet and leases a 1,000 square foot sales office in Singapore. The Precoat Metals operations owns four manufacturing facilities in Mo., Ill. and Tex. with a total of 500,000 sq. ft of space. An additional 56,000 sq. ft is leased in Ill. and Tex. for manufacturing purposes.

Specialty Chemicals — The Specialty Chemicals segment owns one plant situated on 86 acres in Chester, S.C. aggregating 160,000 sq. ft. in addition to a 22,000 sq. ft. leased warehouse also in Chester. The segment owns two plants in the United Kingdom with aggregate floor space of 223,000 sq. ft. on approx. 43 acres of land and leases a 8,000 sq. ft. of warehouse and office space in five separate locations in France, Spain, the United Kingdom and Italy.

Professional Services and Other Products — The automotive products subsidiary, Casco, owns a 205,000 sq. ft. plant in Conn. and leases a 1,600 sq. ft. sales office in Detroit, Mich. In addition, Casco Ltd. leases 8,700 sq. ft. of manufacturing, warehouse and office space in the U.K. Northern Can Systems and its affiliated companies (NCS), owns a manufacturing facility in Ohio with floor space of 90,000 sq. ft.

The Centor Company, a wholly-owned subsidiary, owns and operates the Chromalloy Plaza Building, a 18-story office building in Clayton, Mo. with approx. 284,000 sq. ft. of rentable office and commercial space. Centor also owns and rents a manufacturing facility and a warehouse in Wisconsin with aggregate floor space of 185,000 sq. ft. as well as owning 10 properties that are either leased to third parties and/or held for sale.

Subsidiaries

Atlantic Research Corporation
Chromallory Gas Turbine Corporation
Casco Products Corp.
Kollsman Manufacturing Co.
Sequa Chemicals, Inc.
Warwick International Ltd.
SunRise Insurance Limited

Officers

N.E. Alexander, Chmn., C.E.O.
J.J. Quicke, Pres., C.O.O.
S.Z. Krinsly, Sr. Exec. V.P., Gen. Counsel
G.S. Gutterman, Exec. V.P., Fin., Admin.
K.A. Drucker, V.P., Treas.
W.P. Ksiazek, V.P., Contr.
I.A. Schreger, V.P., Legal Corp. Sec.
R.D. DeVito, Asst. Contr.
E.T. Harmon, Asst. Sec.
J.S. Kade, Asst. Treas.

Senior Vice-Presidents

A.L. Savoca
R.H. Wright
M. Weinstein

Vice-Presidents

M. Adlman
J.A. Cabrey
L.G. Kyriakou
M.F. Robilotto
J.C. Allwarden
R.L. Iuliucci
J.J. Middleton

Directors

N.E. Alexander
A.L. Fergenson
S.Z. Krinsly
R.S. LeFrak
F.R. Sullivan
A. Dworman
D.S. Gottesman
D.D. Kummerfeld
J.J. Quicke
G. Tsai, Jr.

Auditors: Arthur Andersen & Co.

Annual Meeting: In May.

Shareholder Relations: Linda G. Kyriakou, Vice-Pres. Corp. Comm.. **Tel.:** (212) 986-5500.

No. of Stockholders: Mar. 17, 1994, 3,350 Cl. A; 780, Cl. B.

No. of Employees: Dec. 31, 1993, 10,250 (approx.).

Address: 200 Park Avenue, New York, NY 10166. **Tel.:** (212) 986-5500. **Fax:** (212) 370-1969 ; (212)983-2774.

Consolidated Income Account, years ended Dec. 31 ($000):

	1993	1992	1991
Sales & revenues	1,696,968	1,868,341	1,878,787
Cost of sales & rev	1,382,509	1,480,412	1,497,204
Sell, gen & admin	272,145	263,325	263,893
Restructuring charges	26,640	......	......
Tot costs & expenses	1,681,294	1,743,737	1,761,097
Operating income	15,674	124,604	117,690
Interest expense	66,501	73,125	82,802
Interest income	2,679	4,137	6,293
Gain on sale of ARC Professional serv	12,408	......	......
Total other, net	28,275	11,816	7,162
Tot other inc (exp)	dr79,689	dr80,804	dr83,671
Inc bef income taxes	d64,015	43,800	34,019
Inc tax (ben) prov	cr8,557	25,900	19,000
Inc (loss) fr contin oper	d55,458	17,900	15,019
Inc (loss) fr discont oper	......	dr21,700	dr21,609
Inc (loss) bef extraord items	d55,458	d3,800	d6,590
Extraord loss on early retire of debt	dr8,524	......	......
Prior yr-acct chg for inc tax	......	dr7,337	......
Net income	d63,982	d11,137	d6,590
Pfd dividends	3,163	3,168	3,161
Net inc (loss) avail to com stk	d67,145	d14,305	d9,751
Prev retain earn	453,486	473,251	488,456
Cash div-Class A	1,854	3,710	3,678
Cash div-Class B	870	1,750	1,776
Cash div-preferred	1,581	3,168	3,161
Pfd div in arrears	1,582	......	......
Retained earnings	383,617	453,486	473,251
Earn com sh:			
Primary:			
Cont oper	d$6.07	$1.53	$1.24
Discont opers	......	d$2.26	d$2.26
Extraord items	d$0.88	......	......
Acctg change	......	d$0.76	......
Earn com sh	d$6.95	d$1.49	d$1.02
Common shares (000):			
Year-end	9,655	9,655	10,915
Average	9,655	9,620	9,534

Consolidated Balance Sheet, as of Dec. 31 ($000):

Assets:	1993	1992	[1]1991
Cash & cash equiv	24,780	14,807	12,910
Short-term investments	......	......	3,040
Receivables, net	227,688	200,345	235,370
Unbilled receiv, net	55,451	110,941	141,253
Inventories	290,323	312,310	345,621
Other current assets	63,350	40,791	40,338
Total current assets	661,592	679,194	778,532
Net assets of discont oper	188,964	198,542	245,383
Non-curr receiv & other invest	17,179	21,321	19,616
Total investments	206,143	219,863	264,999
Prop, plt & equip, net	562,623	630,409	665,792
Excess of cost over assets of cos acq	348,696	362,357	373,012
Defer charges & other	24,467	20,645	25,922
Total other assets	373,163	383,002	398,934
Total assets	1,803,521	1,912,468	2,108,257
Liabilities:			
Curr matur of long-term debt	23,998	16,867	23,797
Accounts payable	114,529	116,525	141,889
Taxes on income	16,357	20,363	24,716
Tot accrued expenses	221,654	196,391	192,789
Total current liabil	376,538	350,146	383,191
Long-term debt, net of curr matur	624,092	689,970	825,459
Defer tax on income	27,039	41,437	48,635
Other long-term liabil	200,068	179,249	154,384
Defer cr & other liabil	227,107	220,686	203,019
Pfd stk-$5 cum conv	[2][3]797	[2][3]797	[2][3]797
Class A com stock	[4][5]7,054	[4][5]7,042	[4][5]7,042
Class B com stock	[6][7]3,861	[6][7]3,873	[6][7]3,873
Cap in excess of par val	295,841	295,806	299,451
Cumululative transl adj	16,771	10,583	cr19,205
Retained earnings	383,617	453,486	473,251
Total	674,399	750,421	803,619
Less-cost of treas stk	[8][9]98,615	[8][9]98,755	[8][9]107,031
Tot sh' equity	575,784	651,666	696,588
Total liabil & stk eq	1,803,521	1,912,468	2,108,257
Net current assets	285,054	329,048	395,341

[1]Reclassified to conform with current presentation [2]Par value: $1.00; Authorized shares: 1,825,000; Issued: 1993 797,000; 1992 797,000; 1991 1,825,000. [3]Involuntary liquidation value: 1993 $26,359,000; 1992 $26,359,000; 1991 $26,359,000. [4]No par value; Authorized shares: 1993 25,000,000; 1992 25,000,000; 1991 25,000,000. [5]Issued shares: 1993 7,054,000; 1992 7,042,000; 1991 7,042,000. [6]No par value; Authorized shares: 1993 5,000,000; 1992 5,000,000; 1991 5,000,000. [7]Issued shares: 1993 3,861,000; 1992 3,873,000; 1991 3,873,000. [8]Class A shares: 1993 864,052; 1992 864,052; 1991 984,044. [9]Class B shares: 1993 396,283; 1992 396,283; 1991 396,283.

Long-Term Debt: 1. Sequa Corp 9⅝% notes, due 1999:

Rating — B1

AUTH — $150,000,000.
OUTSTG — Dec. 31, 1993, $150,000,000.
DATED — Oct. 15, 1989.
DUE — Oct. 15, 1999.
INTEREST — A&O 15 to holders registered M 31 & S 30.
TRUSTEE — The First National Bank of Chicago.
DENOMINATION — Fully registered, $1,000 and integral multiples thereof. Transferable and exchangeable without service charge.
CALLABLE — Not callable prior to maturity.
SECURITY — Not secured. Rank prior to all subordinated indebtedness of Co. and pari passu with all other unsecured and unsubordinated indebtedness of Co. Co. or any restricted subsidiary will not create, incur, issue or assume any indebtedness secured by any lien on any physical property owned by Co. or any wholly-owned domestic subsidiary, and Co. will not itself, and will not permit any subsidiary to, create, incur, issue or assume any indebtedness secured by any lien on any shares of stock or indebtedness of any wholly-owned domestic subsidiary which owns any physi-

cal property, without equally and ratably securing the indenture securities, unless after giving effect thereto the aggregate principal amount of such secured indebtedness then outstanding plus the attributable debt of Co. and its wholly-owned domestic subsidiaries in respect of sale and leaseback transactions involving physical property entered into after the date of the first issuance of indenture securities, other than such transactions as are permitted as described in clause (b) under Sale and Leaseback would not exceed 5% of consolidated net tangible assets.

SALE AND LEASEBACK — So long as any indenture securities are outstanding under the indenture, Co. or, any wholly-owned domestic subsidiary will not enter into any sale and leaseback transaction after the date of the first issuance of indenture securities covering any principal property, which was or is owned or leased by Co. or a subsidiary and which has been or is to be sold or transferred more than 120 days after the completion of construction and commencement of full operation thereof, unless (a) the attributable debt of Co. and its wholly-owned domestic subsidiaries in respect thereto and all other sale and leaseback transactions entered into after the date of the first issuance of indenture securities, plus the aggregate principal amount of indebtedness secured by liens on physical properties then outstanding without equally and ratably securing the indenture securities, would not exceed 5% of consolidated net tangible assets, or (b) an amount equal to the greater of the net proceeds of such sale or transfer or the fair value of such physical property is applied within 120 days to the voluntary retirement of the indenture securities or other indebtedness of Co. or indebtedness of a wholly-owned domestic subsidiary, for money borrowed, maturing more than 12 months after such application.

INDENTURE MODIFICATION — Indenture may be modified, except as provided, with consent of 66⅔% of notes outstg.

RIGHTS ON DEFAULT — Trustee, or 25% of notes outstg., may declare principal due and payable (30 day's grace for payment of interest).

LISTED — On New York Stock Exchange.

PURPOSE — Proceeds added to the general funds of Co. and may be used to repay outstanding debt and to meet capital expenditure and working capital requirements.

OFFERED — ($150,000,000) at 99.75 plus accrued interest (proceeds to Co., 99.10) on Oct. 19, 1989 thru Merrill Lynch Capital Markets; Bear, Stearns & Co. Inc.; J.P. Morgan Securities Inc.; Shearson Lehman Hutton Inc. and associates.

PRICE RANGE —	1993
High	104½
Low	94

2. Sequa Corp. medium-term notes, ser. A, 9 mos. to 40 yrs.:

Rating — B1

AUTH — $100,000,000.

OUTSTG — Dec. 31, 1993, $100,000,000.

DATED — 1991.

DUE — 9 mos. to 40 yrs.

INTEREST — A&O 15 to holders registered M 31 & S 30. Each note will bear interest at either (a) a fixed rate or (b) a floating rate determined by reference to an interest rate base, which may be adjusted by a spread or spread multiplier. Any floating rate note may also have either or both of the following: (I) a maximum numerical interest rate limitation, or ceiling, on the rate of interest that may accrue during any interest period and (II) a minimum numerical interest rate limitation, or floor, on the rate of interest that may accrue during any interest period. The applicable pricing supplement will designate a fixed rate per annum for each fixed rate note or one of the following bate rates for each floating rate note: the CD rate, the Commercial Paper Rate, the Federal Funds Rate, LIBOR, the Treasury Rate, the Prime Rate or another base rate designated by Co.

TRUSTEE — First National Bank of Chicago.

DENOMINATION — Each note will initially be represented by a globe note registered in the name of The Depository Trust Co., the Depository nominee unless the applicable pricing supplement specifies that notes will be issued in definitive registered form. An interest in a global note will be shown on, and transfers thereof will be effected only through records maintained by the depository and its participants. A beneficial interest in a Global note will be exchanged for notes in definitive form only under the limited circumstances described herein. Fully registered $100,000 or any amount in excess thereof which is an integral multiple of $1,000.

CALLABLE — If provided in the applicable pricing supplement, the notes may be redeemable at the option of Co. thereof prior to the stated maturity at a price specified in such pricing supplement.

REPAYMENT AT THE OPTION OF HOLDER — If provided in the applicable pricing supplement, the notes may be repayable at the option of the holder thereof prior to the stated maturity at a price specified in such pricing supplement.

SECURITY — Not secured. Ranks equally with all other unsecured and unsubordinated indebtedness of Co. (I) Co. nor any wholly-owned domestic subsidiary will not create, incur, issue or assume any indebtedness secured by any lien on any physical property owned by Co. or any wholly-owned domestic subsidiary, and (II) Co. will not itself, and will not permit any subsidiary to, create, incur, issue or assume any indebtedness secured by any lien on any shares of stock or indebtedness of any wholly-owned domestic subsidiary which owns any physical property, without, in any event described in the foregoing clause (I) or (II), equally and ratably securing the indenture securities, unless after giving effect thereto (x) the aggregate principal amount of such secured indebtedness then outstanding plus (y) the attributable debt of Co. and its wholly-owned domestic subsidiaries in respect of sale and leaseback transactions described below involving physical properties entered into after the date of the first issuance of indenture securities, other liens existing on any property of or shares of stock or indebtedness of any corporation at the time it becomes a wholly-owned domestic subsidiary, or arising thereafter pursuant to contractual commitments entered into prior to such corporation's becoming a wholly-owned domestic subsidiary and otherwise than in connection with borrowing of money arranged after such corporation became a wholly-owned domestic subsidiary, would not exceed 5% of consolidated net tangible assets.

SALE AND LEASEBACK — Co. or any wholly-owned subsidiary will not enter into any sale and leasebacktransaction after the date of the first issuance of indenture securities covering any physical property, which was or is owned or leased by Co. or a wholly-owned domestic subsidiary and which has been or is to be sold or transferred more than 120 days after the completion of construction and commencement of full operation thereof, unless (a) the attributable debt of Co. and its wholly-owned domestic subsidiaries in respect thereto and all other sale and lease back transactions entered into after the date of the first issuance of indenture securities, plus the aggregate principal amount of indebtedness secured by liens on physical properties then outstanding without equally and ratably securing the indenture securities, would not exceed 5% of consolidated net tangible assets, or (b) and amount equal to the greater of the net proceeds of such sale or transfer or the fair value of such physical property is applied within 120 days to the voluntary retirement of the indenture securities or other indebtedness of Co. or indebtedness of a wholly-owned domestic subsidiary for money borrowed, maturing more than 12 months after such application.

INDENTURE MODIFICATION — Indenture may be modified, except as provided, with consent of 66⅔% of notes outstg.

RIGHTS ON DEFAULT — Trustee, or 25% of notes outstg., may declare principal due and payable (30 day's grace for payment of interest).

PURPOSE — Proceeds added to the general funds of Co. and may be used to repay outstanding debt and to meet capital expenditure and working capital requirements.

OFFERED — ($100,000,000) at 100 plus accrued interest (proceeds to Co., 99.875-99.000) on Apr. 22, 1991 thru Bear, Stearns & Co. Inc., Merrill and associates.

3. Sequa Corp. 8¾% senior notes, due 2001:

Rating — B1

AUTH — $125,000,000.

OUTSTG — Dec. 31, 1993, $125,000,000.

DATED — Dec. 22, 1993.

DUE — Dec. 15, 2001.

INTEREST — 9⅜% per annum payable semi-annually J&D 15, commencing June 15, 1994 to holders registered on J&D 1.

TRUSTEE — IBJ Schroder Bank & Trust Company.

DENOMINATION — Fully registered, $1,000 and integral multiples thereof.

CALLABLE — As a whole or in part at any time on or after Dec. 15, 1997, at the option of Co. on at least 30 days' but not more than 60 days' notice to each Dec. 14 as follows:

1998........104.3750 1999........102.1875

at thereafter at 100 plus accrued interest.

CHANGE OF CONTROL — In the event of a change of control, Co. will be required to commence a change of control offer to purchase first all outstanding senior notes and then all outstanding senior subordinated at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest.

REPURCHASE AT OPTION OF HOLDER — In the event of certain assets sales (as defined), Co. will be obligated to offer purchase the notes at 100 plus accrued interest.

SECURITY — Not secured. Rank senor in right of payment to the senior subordinated notes and will rank pari passu in right of payment with all other existing and future unsecured and unsubordinated indebtedness of the Co. Accordingly, the senior notes will be effectively subordinated to secured indebtedness of the Co. to the extent of the assets securing such indebtedness and to indebtedness of the Co.'s subsidiaries. Co. nor any of its restricted subsidiaries may directly or indirectly create, incur, assume or suffer to exist any lien on any asset now owned or hereafter acquired, or on any income or profits earned therefrom or assign or convey any right to receive income or profits therefrom to secure obligations without making effective provision for securing the senior notes (i) equally and ratbly with the obligations so secured as to such assets or income or profits for so long as such obligations will be so secured or (ii) in the event such obligations are in respect of subordinated debt, prior to such subordinated debt as to such assets or income or profits for so long as such subordinated debt will be so secured.

SALE AND LEASEBACK — Co. will not, and will not permit any of its restricted subsidiaries to, enter into any arrangement with any person providing for leasing by the Co. or any of its restricted subsidiaries of any real property or tangible personal property, which property has been or is to be sold or transferred by the Co. or any of its restricted subsidiaries to such person in contemplation of such leasing.

INDENTURE MODIFICATION — Indenture may be modified, except as provided, with consent of majority of notes outstanding.

RIGHTS ON DEFAULT — Trustee, or 25% of notes outstg., may declare principal due and payable (30 day's grace for payment of interest).

LISTED — On New York Stock Exchange.

PURPOSE — Proceeds used to repay all of the outstanding indebtedness of the Co. under its revolving credit agreement, dated as of Nov. 13, 1991, to redeem approximately $161,000,000 aggregate principal amount of the Co.'s outstanding 10½% senior subordinated notes due 1998. The remainder of the net proceeds will be used by Co. to pay various other indebtedness of the Co. and its subsidiaries.

OFFERED — ($125,000,000) at 100 plus accrued interest (proceeds to Co., 97.75) on Dec. 16, 1993 thru Bear, Stearns & Co. Inc.; Chemical Securities Inc.; Smith Barney Shearson Inc.; Chase Securities, Inc. and associates.

PRICE RANGE —	1993
High	100¼
Low	100¼

4. Sequa Corp. 9⅜% senior subordinated notes, due 2003:

Rating — B3

AUTH — $175,000,000.

OUTSTG — Dec. 31, 1993, $175,000,000.

DATED — Dec. 22, 1993.

DUE — Dec. 15, 2003.

INTEREST — 9⅜% per annum payable semi-annually J&D 15, commencing June 15, 1994 to holders registered on J&D 1.

TRUSTEE — Bankers Trust Company.

DENOMINATION — Fully registered, $1,000 and integral multiples thereof.

CALLABLE — As a whole or in part at any time on or after Dec. 15, 1998, at the option of Co. on at least 30 days' but not more than 60 days' notice to each Dec. 14 as follows:

1999........104.6875 2000........103.1250 2001........101.5625

at thereafter at 100 plus accrued interest.

CHANGE OF CONTROL — In the event of a change of control, Co. will be required to commence a change of control offer to purchase first all outstanding senior notes and then all outstanding senior subordinated at 101 plus accrued and unpaid interest, if any, to the date of purchase.

REPURCHASE AT OPTION OF HOLDER — In the event of certain assets sales (as defined), Co. will be obligated to offer purchase the notes at 100 plus accrued interest.

SECURITY — Not secured. Subordinate in right of payment to all senior debt of Co., including the senior notes, and will be senior to any indebtedness of the Co. which is made expressly junior thereto. Co. or any of its restricted subsidiaries are prohibited from incurring any lien to secure obligations which are pari passu with, or subordinate or junior in right of payment to, the senior subordinated notes without making effective provision for securing the senior subordinated notes (i) equally and ratably with such obligations for so long as such obligations will be so secured or (ii) in the event such obligations are subordinate or junior in right of payment to the senior subordinated notes, prior to such obligations for as long as such obligations will be so secured.

SALE AND LEASEBACK — Co. will not, and will not permit any of its restricted subsidiaries to, enter into any arrangement with any person providing for leasing by the Co. or any of its restricted subsidiaries of any real property or tangible personal property, which property has been or is to be sold or transferred by the Co. or any of its restricted subsidiaries to such person in contemplation of such leasing.

INDENTURE MODIFICATION — Indenture may be modified, except as provided, with consent of majority of notes outstanding.

RIGHTS ON DEFAULT — Trustee, or 25% of notes outstg., may declare principal due and payable (30 day's grace for payment of interest).

LISTED — On New York Stock Exchange.

PURPOSE — Proceeds used to repay all of the outstanding indebtedness of the Co. under its revolving credit agreement, dated as of Nov. 13, 1991, to redeem approximately $161,000,000 aggregate principal amount of the Co.'s outstanding 10½% senior subordinated notes due 1998. The remainder of the net proceeds will be used by Co. to pay various other indebtedness of the Co. and its subsidiaries.

OFFERED — ($175,000,000) at 100 plus accrued interest (proceeds to Co., 97.50) on Dec. 16, 1993 thru Bear, Stearns & Co. Inc.; Chemical Securities Inc.; Smith Barney Shearson Inc.; Chase Securities, Inc. and associates.

PRICE RANGE —	1993
High	100½
Low	100½

5. Other Long-Term Debt: Outstg. Dec. 31, 1993, $98,090,000 (incl. current portion) comprised of:

(1) $15,000,000 10.27% private placement, due 1994.

(2) $27,025,000 capital lease obligations, at weighted average interest rates of 9.3%, payable in varying amounts thru 2004.

(3) $22,615,000 other long-term debt, at weighted average interest rates of 7.0%, payable in varying amounts through 2003.

(4) $33,450,000 10½% notes, due 1998 (redeemed in May 1994).

In Dec. 1993, Co. entered into a new $150,000,000 revolving credit agreement with a group of banks that extends through Mar. 1997. This agreement replaced an existing revolving credit agreement which was due to expire in Jan. 1994. The rate of interest payable under the new agreement is, at Co.'s option, a function of the prime rate, the Eurodollar rate. The agreement requires the Co. to pay a facility fee at a annual rate of .5% of the maximum amount available under the credit line. Under the new credit facility, borrowings up to approximately $50,000,000 will be secured by the stock of certain of the Co.'s subsidiaries. At Dec. 31, 1993, there were no borrowings outstanding under this facility; however, $18,500,000 of the available credit line was used for the issuance of letters of credit leaving $131,500,000 of unused credit available.

Revolving credit debt at Dec. 31, 1992 was classified as long-term, as the Co. had the intent and the ability, supported by the terms of its existing revolving credit agreement, to maintain through Jan. 1994 principal amounts outstanding under the agreement.

Co. has a policy aimed at managing interest rate risk associated with its current and future anticipated borrowings; accordingly, Co. has entered into various interest rate swaps, options and similar arrangements. Any fees paid or received in connection with these arrangements are deferred and amortized as yield adjustments over appropriate future periods. At of Dec. 31, 1993, Co. had outstanding interest rate swaps expiring in 1996 that are accounted for as hedges and that effectively convert $50,000,000 of variable-rate borrowings under short-term financing facilities to fixed-rate borrowings with an average interest rate of 8.7%. Based upon market interest rates at the balance sheet date, the Co. would have to pay approx. $5,200,000 to terminate its interest rate swaps and options outstanding at Dec. 31, 1993. In addition, the Co. adjusted to market value the carrying amount of interest rate options sold, which gave the buyer the future right to enter into interest rate swaps. The resulting loss of $6,557,000 is included in Other, net in the Consolidated Statement of Income for 1993.

The Company's loan agreements contain covenants which, among other matters, restrict or limit the ability of the pay dividends, incur indebtedness, make capital expenditures, repurchase common and preferred stock, and repurchase the 9⅞% senior subordinated notes due 2003. Co. must also maintain certain ratios regarding interest coverage, leverage and net worth, among other restrictions.

At Dec. 31, 1993, under the terms of the Co.'s senior subordinated notes due 1998, there is a $45,770,000 deficiency in consolidated retained earnings available for the payments of cash dividends and the repurchase of Co.'s stock. As a result, common and preferred stock dividends were not declared in the third and fourth quarters of 1993. Under the terms of the Co.'s preferred stock, upon the Co.'s failure to make six consecutive quarterly dividend payments, the holders thereof, voting as a class, will have the right to elect two members of the Board of Directors of the Co. at the next annual meeting of shareholders. These special voting rights terminated when all dividends in arrears have been paid. In addition, as of Dec. 31, 1993, the Co.'s earnings were not sufficient to maintain a consolidated interest coverage ratio of 2.0 to 1.0 which, pursuant to the terms of the Co.'s senior notes due 2001 and the senior subordinated notes due 2003, precludes the Co. from paying dividends among other restricted activities.

Notes Redeemed: Entire issue of Sequa Corp.'s 10.5% sr. subord. notes, due May 1, 1998 was redeemed on May 11, 1994 at 103.50 thru Bankers Trust Co., New York.

Capital Stock: 1. Sequa Corp. $5 cumulative convertible preferred; par $1:

AUTH — 1,825,000 shs.

OUTSTANDING — Dec. 31, 1993, 633,511 shares; in treasury, 163,489 shs.; par $1.

DIVIDEND RIGHTS — Entitled to cumulative dividends of $5 per sh. per annum.

DIVIDEND RECORD — Initial dividend of $1.25 paid Feb. 1, 1987; regular quarterly dividends paid thereafter.

CALLABLE — At option of Co. at $100 per sh.

CONVERTIBLE — Each share in convertible into 1.322 shares of Class A common.

ISSUED — Issued in connection with merger of Co. and Chromalloy American Corp.

LISTED — On NYSE (Symbol: SQA Pr)

PRICE RANGE —	1993	1992	1991	1990	1989
High	73¼	83½	91½	105	106
Low	51½	68	70½	97	86

2. Sequa Corp. class A common; no par:

AUTH — 25,000,000 shs.

OUTSTANDING — Dec. 31, 1993, 6,189,948 shs.; in treasury, 864,052 shs.; reserved for options, conversion of preferred and class B common stock, 4,633,434 shs.; no par.

DIVIDEND RIGHTS — For a period of five years commencing Jan. 1, 1987, annual dividends, if any, on Class A common will be at least $0.10 more per sh. than Class B common dividends.

VOTING RIGHTS — Has one vote per share.

PREEMPTIVE RIGHTS — None.

DIVIDENDS PAID —

On Old Common Stock

On no par shares:

1929......$1.875 1930-31......$2.50 1932......$0.25
1933......0.15 1934......1.00 1935......2.00
1936......5.00 1937......0.60

On $1 par shares:

1937......0.90 1938......0.50 1939......0.80
1940......0.60 1941......0.65 1942......0.30
1943-44......0.40 1945......0.45 1946-47......0.60
1948......0.50 1949......0.40 1950......0.90
1951-54......0.75 1955......0.85 1956......0.90
1957......0.80 1958......0.70 1959-61......0.60
1962-76......0.40

On $1 par shs. after 3-for-2 split:

1977......0.45 1978......0.60 1979......0.45

On $1 par shs. after 4-for-3 split:

1979......0.15 1980......0.60 1981......0.18

On $1 par shs. after 3-for-2 split:

1981......0.36 1982-86......0.48

On Class A common

1987-92......0.60 1993......0.30

TRANSFER AGENT & REGISTRAR — Continental Stock Transfer & Trust Co., NYC.

LISTED — On NYSE (Symbol: SQA A).

PRICE RANGE —	1993	1992	1991	1990	1989
High	34½	51	66⅛	77	77½
Low	17⅞	29	38¾	50	56⅝

3. Sequa Corp. class B common; no par:

AUTH — 5,000,000 shs.

OUTSTANDING — Dec. 31, 1993, 3,464,717 shs.; in treasury, 396,283 shs.; no par.

VOTING RIGHTS — Has ten votes per share.

DIVIDENDS PAID —

1987-92......$0.50 1993......0.25

CONVERTIBLE — Convertible into Class A common stk. on a sh.-for-sh. basis.

LISTED — On NYSE (Symbol: SQA B).

PRICE RANGE —	1993	1992	1991	1990	1989
High	35	58	73½	85½	80½
Low	17¾	30¼	47	64½	61

Recapitalization: In Dec. 1986, stockholders approved a proposal to authorize 25,000,000 shares of Class A common and 5,000,000 shares of Class B common and each outstanding common share was converted into a one-half share of Class A and one-half share of Class B common.

SERVICE MERCHANDISE CO.,INC.

History: Incorporated in Tennessee in Jan. 1970 to succeed to catalog and showroom merchandising business founded in Sept. 1960.

On July 30, 1971, acquired, in pooling of interests transactions, outstg. capital stock of 7 affiliated Cos. in exchange for 484,287 com. shs.

In Apr. 1974, acquired 7 catalog showrooms operations of Malone & Hyde, Inc. for about $10,000,000 in cash and notes.

In July acquired 2 Sam Solomon Co. stores in Charlotte, N.C., for undisclosed terms.

On Aug. 10, 1982, acquired Sam Solomon Company in a stock transaction valued at $10,233,000.

On May 3, 1983, acquired The Computer Shoppe, Inc. for 100,000 shs. of Co.'s com. stk.

In July 1983, acquired Home Owners Warehouse, Inc. for 663,000 Co. com. shs.

On May 8, 1985, Co. acquired H.J. Wilson Co., Inc. through a tender offer for all of the outstanding shares of its common stock.

On May 24, 1985, Co. acquired Ellman's, Inc. through a tender offer for all of its outstanding common shares.

As of Jan. 3, 1987 sold for cash MrHOW subsidiary and all related inventory.

On Nov. 10, 1992, Co. acquired 2 Dahlkemper's stores in Buffalo, N.Y.

Business: Co. is engaged, through its 391 catalog stores, in the sale of a broad line of fine jewelry (including diamonds), housewares, small appliances, giftware, silverware, cameras, luggage, radios, televisions, and other home electronics, patio, lawn and garden accessories, sporting goods and toys.

Property: Co. operates 391 stores in 37 states which are located as follows:

N.Y. (24)	Tenn. (18)
Tex. (43)	Nev. (3)
Ala. (8)	Ariz. (4)
Ark. (3)	Cal. (21)
Col. (8)	Conn. (7)
Del. (3)	Fla. (44)
Ga. (17)	Ill. (25)
Ind. (16)	Ia. (1)
Kans. (4)	Ky. (7)
La. (14)	Me. (6)
Md. (5)	Mass. (10)
Mich. (13)	Miss. (6)
Mo. (7)	Neb. (3)
N.H. (5)	N.J. (5)
N.M. (2)	N.C. (7)
Ohio (15)	Okla. (8)
Penn. (11)	S.C. (7)
Vt. (1)	Va. (9)
Minn. (1)	

Co. also operated five major distribution centers as of Jan. 1, 1994. These distribution centers are located in Florida, New York, Tennessee, Texas and Nevada and contain an aggregate of approx. 3,401,000 sq. ft.

Subsidiaries

Service Merchandise Co. Broad, Inc.
Service Merchandise Co. No. 34, Inc.
Service Merchandise Co. No. 35, Inc.
Service Merchandise Co. No. 51, Inc.
Service Merchandise Co. No. 93, Inc.
Service Merchandise Co. No. 30, Inc.
Service Merchandise Company of Io
Service Merchandise Company of Ka
The Toy Store, Inc.
B.A. Pargh Co., Inc.
Cherry-Tolleson,Inc.
Service Merchandise Showrooms, Inc
Wholesale Supply Company, Inc.
Homeowners Warehouse, Inc.
The Lingerie Store, Inc.
The McNally Supply Company
SMC Aviation, Inc.
Porta-File, Inc.
M.J. Wilson Co., Inc.
Service Merchandise Co. of New York
Travel Management Consultants, Inc.
Service Merchandise of West Virginia,
A.F.S. Marketing Srvices, Inc.
Service Merchandise Co., Inc. (Financ
Service Merchandise Indiana Partners
Service Merchandise of Pennsylv Trust
Service Merchandise of Texas, Limite

Officers

R. Zimmerman, Chmn., Pres., C.E.O.
G.A. Bodzy, V.P., Sec., Gen. Coun.
S. Cusano, V.P., C.F.O.
M. Hogrefe, Treas.

Directors

R.P. Crane, Jr.	R.M. Holt
C.V. Moore	J.E. Poole
H. Roitenberg	R. Zimmerm

Auditors: Deloitte & Touche.

Annual Meeting: In April.

Shareholder Relations: Mike Ho
Tel.: (615) 660-6000.

No. of Stockholders: Feb. 28, 1994, 5

No. of Employees: Jan. 1, 1994, 22,87

Address: 7100 Service Merchandise wood, TN 37027. **Tel.:** (615) 660-600 660-3427.

Mailing: P.O. Box 24600, Nashville 4600.

Consolidated Income Account, y ($000):

	1/01/94	1/02/
Net sales	3,814,618	3,712,7
Cost of merchand sold & buy & occup exp	2,868,683	2,805,8
Gross margin	945,935	906,9
Sell, gen & admin exp	673,744	617,0
Deprec & amortization	61,757	58,7
Earn (loss) bef int & tax	210,434	231,2
Interest expense-debt	62,102	80,85
Int exp-cap leases	11,141	11,82
Earn (loss) bef inc tax	137,191	138,51
Income taxes	54,876	54,02
Net earn (loss) fr oper	82,315	84,49
Extraord loss fr early exting of debt	7,474	......
Effect of chg in acct principle	7,742	......
Net income	82,583	84,49
Prev retain earn	144,403	67,25
Stock split	......	7,34
Retained earnings	226,986	144,40
Earn com sh:		
Primary:		
Cont oper	$0.80	$0.8
Extraord items	d$0.07	......
Acctg change	$0.08	......
Earn com sh	$0.81	$0.8
Common shares (000):		
Year-end	99,368	99,009
Average	102,078	101,602

[1]Adjusted for 3-for-2 stock split, 05/19

Consolidated Balance Sheet, as of ($0

Assets:	1/01/94	[1]1/02/93
Cash & cash equiv	325,092	165,317
Accts receivable, net	[2]53,014	[2]53,311
Inventories	939,259	857,640
Prepaid expenses	29,898	20,454
Total current assets	1,347,263	1,096,722
Net prop & equip-owned	575,712	514,817
Capitalized leases, net	60,128	68,946
Other assets & defer chrg	28,472	26,975
Total assets	2,011,575	1,707,460
Liabilities:		
Accounts payable	630,723	496,946
Accrued expenses	188,050	151,374
State & local sales tax	59,035	55,285
Income taxes	54,914	52,560
Curr matur of long-term debt	91,751	41,029

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